

Message Text

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SUBJ: HOTEL CLOSINGS

1. DESPITE ONE OF THE BEST WINTER SEASONS IN A NUMBER OF YEARS, TWO NASSAU HOTELS AND PORTIONS OF OTHERS ARE BEING CLOSED TEMPORARILY. AN UNCERTAIN SUMMER SEASON, POOR ADVANCE BOOKINGS AND EVER INCREASING OPERATING COSTS ARE GIVEN AS THE REASON FOR THESE FIRST SUMMER CLOSURES IN OVER TEN YEARS.

2. SUMMER CLOSURES WERE COMMON PRACTICE BEFORE THE TOURIST BOOM OF THE 1960S AND EVEN MORE RECENTLY, SOME OF THE SMALLER HOTELS WOULD QUIETLY CLOSE OFF FLOORS DURING THE SUMMER WITHOUT ANYONE OUTSIDE THE HOTEL INDUSTRY BEING AWARE OF IT. IN ADDITION TO THE GENERAL ADVERSE EFFECT ON THE ECONOMY OF CLOSURES ANNOUNCED OVER THE PAST FEW WEEKS, THEY TAKE ON GREATER SIGNIFICANCE IN THIS PERIOD OF LIMITED JOB OPPORTUNITIES FOR THE WORKERS BEING LAID OFF, FIRED, OR PLACED ON ROTATIONAL WORK SCHEDULE. WE ARE NOT IN A POSITION AT THIS TIME TO DETERMINE WHETHER THE HOTEL CLOSINGS PORTEND A TURN-DOWN IN THE BAHAMIAN ECONOMY OR SIMPLY A REDISTRIBUTION OF THE TOURIST BUSINESS TO THE HOTELS WHICH ARE MEETING RISING COSTS MORE SUCCESSFULLY.

3. OPERATING EXPENSES HAVE NEVER BEEN SO HIGH. UNION CONTRACT SIGNED IN JANUARY RESULTED IN HIGHER WAGES FOR HOTEL EMPLOYEES. UTILITY COSTS, HERE AS ELSEWHERE, HAVE BEEN RAISED SEVERAL TIMES SINCE THE BEGINNING OF THE ENERGY CRISIS. FOR

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EXAMPLE, THE ELECTRICITY BILL FOR THE 33-ROOM LOW-OVERHEAD

APARTMENT-MOTEL CABLE BEACH MANOR HAS BEEN RUNNING \$600 PER MONTH ACCORDING TO ITS OWNER. A FURTHER INCREASE OF \$1.50 PER ROOM PER NIGHT IS EXPECTED THIS SUMMER. AN INCREASE IN HOTEL WATER RATES OF BETWEEN 25 CENTS AND ONE DOLLAR PER ROOM PER NIGHT IS ALSO ANTICIPATED THIS SUMMER. TO OFFSET THESE RISING COSTS AN ENERGY SURCHARGE OF ONE DOLLAR PER PERSON PER NIGHT WILL BE PUT INTO EFFECT ON JUNE 30 AND RUN THROUGH DECEMBER 15. WINTER HOTEL RATES FOR THE 1974/75 SEASON WILL BE INCREASED TO REFLECT THE HIGHER OPERATING COSTS.

4. THE BETTER HOTELS WITH GOOD SALES PROMOTION NETWORKS ARE DOING WELL THIS SUMMER (THE PARADISE ISLAND HOTELS, THE NASSAU BEACH HOTEL AND CABLE BEACH MANOR). NASSAU HARBOUR CLUB (50 ROOMS) HAS CLOSED DOWN INDEFINITELY. ACCORDING TO AN INDUSTRY SOURCE IT WAS A POOR HOTEL WITH A VERY POOR SALES NETWORK. SOUTH OCEAN BEACH HOTEL, OPEN FOR ONLY ONE YEAR, IS CLOSING DOWN ITS BAR, RESTAURANT AND 80 OF ITS 120 ROOMS FOR THE SUMMER. A POOR SALES NETWORK HAS BEEN BLAMED FOR ITS DIFFICULTIES. HYATT EMERALD BEACH HOTEL IS SHUTTING ITS RESTAURANT AND THE 100 ROOMS OF ITS MAIN BUILDING, OSTENSIBLY FOR RENOVATIONS. ITS REMAINING 275 ROOMS WILL OPERATE MORE OR LESS LIKE A MOTEL. THE 114-ROOM BLUE VISTA HAS SHUT DOWN FOR THE SUMMER, KEEPING ONLY SIX DEPARTMENT HEADS ON STAFF. IT HAS BEEN RUNNING A 5-10 PERCENT OCCUPANCY. IN FREEPORT, THE LUCAYAN BEACH HOTEL HAS SHUT 100 OF ITS 251 ROOMS.

5. IN NASSAU ALONE, THESE CLOSURES AFFECT ABOUT 275 JOBS. THE HOTEL UNION HAS BEEN FIGHTING TO HAVE THE HOTELS RETAIN THEIR EMPLOYEES THROUGH USE OF A ROTATIONAL WORK SCHEDULE. IN SOME CASES THEY HAVE SUCCEEDED. IN THE CASE OF THE EMERALD BEACH HOTEL, WHICH HAS BEEN RACKED WITH LABOR PROBLEMS OVER THE PAST YEAR OR TWO, BETWEEN 130 AND 150 EMPLOYEES ARE BEING FIRED. THE HOTEL MANAGEMENT BELIEVES IT WILL BE IN A STRONGER POSITION AFTER THE SUMMER BY BEING ABLE TO START FRESH WITH NEW EMPLOYEES. THE SONESTA BEACH HOTEL IS BEING SOLD TO A CANADIAN TOUR OPERATOR GROUP AND WILL CATER TO CHEAP GROUP TOURS. THE CANADIAN GROUP HAS ALREADY ANNOUNCED ITS INTENTION TO FIRE 100 EMPLOYEES (THIS WOULD BE IN ADDITION TO THE 275 AFFECTED BY THE CLOSURES.)

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